

Message Text

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71

ACTION EA-14

INFO OCT-01 ISO-00 FBO-01 L-03 SS-15 A-01 SSO-00 DRC-01

RSC-01 /037 W

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O 050131Z OCT 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC IMMEDIATE 1786

UNCLAS CANBERRA 5511

FOR: EA/EX

E.O. 11652: N/A

TAGS: ABLD, AS

SUBJ: KINGSTON EXCHANGE, ET AL

REF: EMBTEL 5469

1. EMBASSY JUST INFORMED OF UNEXPECTED TURN IN EVENTS RELATIVE TO KINGSTON REDEVELOPMENT. ON SATURDAY, OCTOBER 13, A PUBLIC AUCTION SALE IS SCHEDULED TAKE PLACE COVERING PRIVATELY-OWNED SMALL BUILDING LOT LOCATED ADJACENT TO OUR LEASEHOLD, TO WIT, LOT NO. 17 IN SECTION 20. LOT NO. 17 IS ONE OF THREE ADDITIONAL AREAS OF LAND REQUIRED BY PURCHASER OUR PROPERTY TO ENABLE HIS PROCEEDING WITH PRESENTATION OF REDEVELOPMENT SCHEME TO DEPARTMENT OF CAPITAL TERRITORIES (SEE PARA 1 OF REF). INDICATIONS POINT TOWARDS CONFLICT BETWEEN LEASEHOLDERS ADJACENT OUR PROPERTY, ONE OF WHOM WANTS CONSOLIDATE HOLDINGS IN EFFORT EXTORT HIGHEST OFFER THIS LAND FROM EVENTUAL DEVELOPER OF ENTIRE PARCEL. SEEMS THEIR LEASES, UNLIKE OUR GOVERNMENT LEASE GRANTED FOR EXTREMELY NOMINAL SUM, DOES NOT CONTAIN PROVISION REQUIRING MINISTERIAL APPROVAL OF ANY RELEASE OR TRANSFER OF RIGHTS; HENCE THEY ARE FREE TO PURSUE ANY AVENUE WITHIN BROAD SPECULATIVE SPECTRUM.

2. REDEVELOPER OF REPUTE, WITH WHOM EMBASSY NEGOTIATING, IS DISINCLINED TO BID IN OPEN AUCTION AND OFFER A HIGH PRICE FOR
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SMALL SPECULATIVE PARCEL WITHOUT AT LEAST INFORMAL AGREEMENT

COVERING EVENTUAL ACQUISITION FROM US OF THE MAJOR SHARE OF REQUIRED REDEVELOPMENT LAND HOLDINGS. CONTENTION, JUSTIFIABLY, IS THAT OWNERSHIP OF SEVEN OF THE NINE LOTS INVOLVED PLACES DEVELOPER IN STRONG NEGOTIATING POSITION TO NOT ONLY FORCE POSSIBLE WITHDRAWAL OF LOT 17 FROM AUCTION, BUT TO HOLD REMAINING TWO PARCELS TO REASONABLE ACQUISITION PRICE LEVEL. LOSS OF LOT NO. 17 TO PURE SPECULATOR WOULD DEPRIVE REDEVELOPER OF ONE THIRD OF REQUIRED ACREAGE AREA UNDER REDEVELOPMENT CRITERIA. A STALEMATE MAY THEN DEVELOP SUBSTANTIALLY AFFECTING ALL BASIC OFFERS FOR OUR LAND, IDENTIFIED IN REFERENCE, CURRENTLY APPROXIMATING A\$200,000.00.

3. IN MILIEU ENVIRONMENT SUCH AS CANBERRA PROJECTS, WITH CUSTOMARY COCKTAIL CIRCUITS AND HIGHLY EXPLOSIVE LAND SITUATION, COMPLETELY RESTRICTIVE NEGOTIATIONS ARE IMPOSSIBLE CONDUCT OVER EXTENDED PERIODS. EMBASSY CONTINUES TO SHY AWAY FROM ANY TAIN OF SPECULATION; THE SAME IS FAR FROM TRUE OF CERTAIN LOCAL BUSINESS CIRCLES.

4. AFTER CONSIDERABLE STUDY AND REFLECTION, EMBASSY REASONS THAT OVERALL INTERESTS OF U.S. GOVERNMENT WOULD BEST BE SERVED THROUGH EARLY, FAIR RESOLUTION MATTER OF KINGSTON LEASEHOLD TRANSFER, THROUGH PRIVATE TREATY WITH MINISTERIAL APPROVAL, AND WITHOUT NOTORIETY, FANFARE OR PUBLICITY. IN THE FINAL ANALYSIS, IT IS MINISTER FOR CAPITAL TERRITORY WHO WILL DECIDE WHO WILL OR WILL NOT ACQUIRE OUR LEASEHOLD - NOT THE UNITED STATES GOVERNMENT, PER SE. IT IS OUR BELIEF, AT MINIMUM, THAT EMBASSY, AT THIS JUNCTURE, SHOULD BE AUTHORIZED EXECUTE AGREEMENT WITH PROVEN AND REPUTABLE REDEVELOPER WHOM IT FEELS CAN BEST MEET NEEDS OF THE UNITED STATES GOVERNMENT, WITH SUCH PRELIMINARY AGREEMENT TO BE NEGOTIATED AND EXECUTED PRIOR TO DATE OF SCHEDULED PUBLIC AUCTION MENTIONED ABOVE, THAT IS, BY COB, OCTOBER 12. EVERY EFFORT WILL BE MADE, PRIOR TO OCTOBER 12, TO RAISE STILL FURTHER EXISTING VERBAL OFFERS BY POSSIBLE ADDITIONAL FIVE PERCENT. IT IS REQUESTED, THEREFORE, THAT EMBASSY BE AUTHORIZED TO ISSUE LETTER OF INTENT TO DISPOSE OF KINGSTON PROPERTIES TO REPUTABLE AND PROVEN REDEVELOPER NO LATER THAN OCTOBER 12, WITH THIS TO BE FOLLOWED BY FORMAL UNCLASSIFIED

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AGREEMENT AS OUTLINED IN PARAGRAPH 2 OF REFERENCE.

5. DEPARTMENT'S REPLY REQUESTED SOONEST.
GREEN

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NNN

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